



RETIREMENT SYSTEM



PARTNERING TO BUILD FINANCIAL SECURITY FOR MEMBERS AND THEIR FAMILIES

WELCOME TO THE WYOMING RETIREMENT SYSTEM

As a WRS Member, you join over 74,000 current and former Wyoming public employees. Whether your retirement is many years away or quickly approaching, it's important for you to gain an understanding of your retirement benefits. The Wyoming Retirement System's pension plans and supplemental deferred compensation plan are designed to work together to help you meet your retirement income needs and build a secure financial future.

Our Mission

Providing expert administration and responsible investment of Wyoming's public retirement and supplemental savings program

About WRS

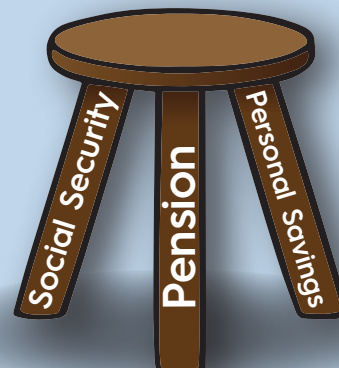
By partnering with WRS, your employer can offer cost-effective retirement benefits as part of your compensation package. Over 700 public employers throughout Wyoming participate in WRS. The large majority of WRS' members are in the Public Employee Pension Plan. Smaller plans exist for judges or public safety professionals.

WRS is governed by a board of trustees comprised of the state treasurer, five trustees who are WRS members, and five at-large trustees who are not members. Board members are fiduciaries charged with acting in the best interest of members. WRS Board members are appointed by the governor and confirmed by the Wyoming Senate, with the exception of the State Treasurer.

AN OVERVIEW OF YOUR RETIREMENT BENEFITS

The ideal for retirement income security is a "three-legged stool," with each leg of the stool representing a different source of income in retirement:

- **Pension:** WRS Pension Plans provide you a monthly payment for life once you meet age, vesting and service qualifications. In general, the amount of this "defined benefit" is determined by a formula based on your salary, length of service and age at retirement.
- **Personal Investments:** WRS administers a supplemental 457 Deferred Compensation Plan. The 457 Plan is a type of "defined contribution" plan and is commonly understood as a 401(k) plan for the public sector. The 457 Plan allows you to build personal assets for retirement inside a tax-advantaged structure with both pre-tax and after-tax options.
- **Social Security:** Most of WRS' members also participate in Social Security with the exception of paid firefighters and some police.



The three-legged stool provides an advantage by diversifying your sources of income in retirement. Potential lifetime payments from your WRS pension and Social Security provide a steady retirement income, even in the event of a long life span. The 457 Plan allows you to decide how much to invest during your working years to supplement your pension and Social Security.

YOUR PENSION

In most cases, you will be enrolled as a member of the appropriate pension plan automatically when you are hired. The pension plan handbook relevant to you outlines key information about how your pension works.

During Your Career

Your pension is funded by a combination of employer and employee contributions. Your employer may “pick-up” or pay for a portion of the employee contributions. The State of Wyoming is only obligated for the contributions required by the Wyoming Retirement Act. The contribution amounts are determined by state statute and help ensure the long-term funding of the pension plan. In most plans, you must work for a certain number of years before you are vested—entitled to a lifelong retirement benefit at retirement age.

Most of WRS’ Pension Plans offer vested members the one-time option of “buying” years of service in the plan in order to increase their lifetime benefit. In some pension plans a “redeposit” option allows members who severed employment and took a withdrawal or “refund” to reinstate their prior service credits.



Beneficiaries

In certain circumstances, WRS’ Pension Plans offer a benefit to you in the event you are disabled, or to your beneficiary in the event of your death. It is important that you keep beneficiaries up-to-date in all of your retirement plans. See your plan handbook for details about beneficiaries.

Options Should You Leave Employment

One of the benefits of WRS’ Pension Plans is that they are “portable” across many public employers throughout the state, meaning a member could leave one employer to go to work for a different participating employer without interrupting the accumulation of pension benefits.

If you stop working for a participating employer and are vested, you may leave your account with WRS and later apply for a retirement benefit when age-eligible. Vested or non-vested members may take a taxable “refund” of their account balance or a non-taxable rollover to an eligible retirement account. A refund does not include the employer share of contributions which remain in the plan to reduce future employer costs. A refund decision should be made carefully, as it is irreversible unless you become eligible for a redeposit. Additionally, it’s usually hard to recover the lost retirement security caused by premature withdrawal of retirement assets.

Your Future Pension Benefit

It is important for your retirement planning to understand how your potential benefit will be calculated so that you can ensure you are on track to reach your retirement goals. Your pension benefit is based on a formula that can be found in your pension plan handbook. Calculators on our website are also available to help you approximate your benefit.

Your future pension benefit will not automatically include cost of living increases (COLA), although they could be granted by the Legislature. The funding for a COLA would come from either the state’s general fund or from the plan if it was funded in excess of 100%.

Approaching Retirement

Your pension plan handbook contains information on important considerations as you approach retirement age. Your pension plan has requirements regarding the age at which you can begin drawing a benefit. The handbook also outlines the process for applying for retirement and choosing a payout option. Make sure you get all the benefit counseling from WRS that you need before making retirement decisions.

THE 457 DEFERRED COMPENSATION PLAN

Typically pension benefits and Social Security benefits do not fully replace pre-retirement income or offset future inflation. You will need to rely on personal savings or other income to offset the effects of inflation, which are usually noticeable within five years of retiring,

The WRS 457 Deferred Compensation Plan is designed to help you invest for retirement. The assets you accumulate through your contribution years may fill in retirement income gaps or help offset inflation.

Participation in the 457 Plan is optional. Newly hired employees of the executive, legislative and judicial branches of Wyoming state government will be automatically enrolled into the 457 Plan unless an election is made otherwise. Eligible employees of all other employers need to actively enroll unless your employer is offering automatic enrollment.

The 457 Plan Handbook contains specific information for this plan, as well as information about investing for retirement.

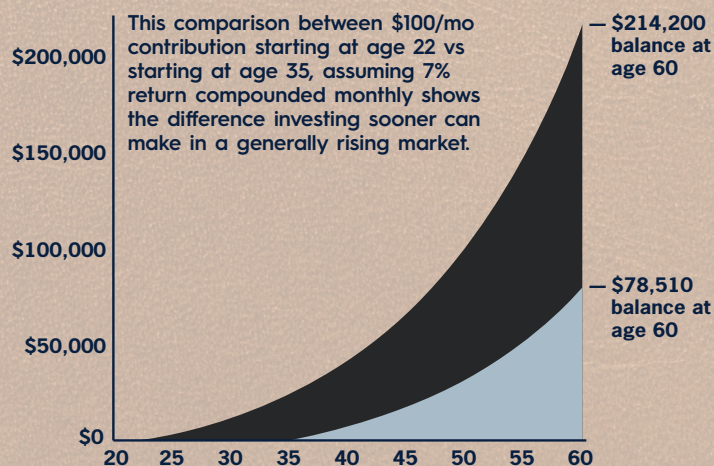
Contributions

In the 457 Plan, you contribute a portion of your salary each month, and your contributions are automatically deducted from your paycheck. Your contributions may be deducted from your pay on a pre-tax and/or after-tax basis. Employer contributions must be pre-tax. In return for the tax advantages of the plan, the IRS requires a qualifying event before you can take money out of the plan.

You have the option to start, stop, increase or decrease your contributions at any time. You must make changes in the month prior to the month in which the change becomes effective.

The Power of Compounding

Once you become involved in your retirement planning, you'll realize the importance of saving as early as you can, and as much as you can. Because of the nature of compounding, your retirement savings will be impacted by how soon you start.



Contributions treated as a lump sum paid in the middle of the year. Stock, real asset, bond and cash equivalent funds can decrease in value and there are no guarantees your account will always experience a gain.

Take Action

The most important step you can take today is to get started by making sure you are enrolled in the 457 Plan. To enroll, complete a 457 Plan Enrollment form available on our website. Employees of the executive, legislative or judicial branches of Wyoming state government can enroll online.

If you already participate in the 457 Plan, consider increasing your contributions with the Paycheck Contribution Election form available on our website or online if you are an employee of the executive, legislative or judicial branches of Wyoming state government.

PUTTING IT ALL TOGETHER – START WITH A GOAL

The Retirement Goal-Setting Worksheet outlines five steps to determining what you need to save now to generate the retirement income you will want later.

1. Estimate your retirement income needs
2. Estimate your Social Security benefits
3. Estimate your pension benefit
4. Determine how much retirement income you need to provide
5. Determine how much you need to save each month to reach your goal

Complete the goal setting worksheet and keep the results as part of your retirement planning paperwork. Redo the worksheet every few years to reevaluate where you are in your retirement planning goals and make adjustments to your personal retirement savings as needed.



RETIREMENT GOAL-SETTING WORKSHEET

As you develop a retirement strategy, consider all your sources of retirement income, including your WRS pension benefit, Social Security benefits, and your personal savings and investments. This worksheet is designed to help you estimate how much retirement income Social Security and your employer-sponsored pension benefit(s) will provide, and how much you need to provide through the Deferred Compensation Plan and other investments in order to achieve financial security during retirement.

Step 1: How much retirement income will you need?

	You	Example
A. What is your current annual income before taxes?		\$30,000
B. What percentage of your current income will you need during retirement? Many financial advisers suggest you will need at least 70% to 90% of your current income, depending on family medical history, how active you plan to be during retirement, etc. You may want to target 100% or more if you are young or have not reached your prime earning years as this worksheet is based only on current salary.		90%
C. Multiply row A by row B. Example: $\$30,000 \times .90 = \$27,000$		\$27,000

Step 2: How much retirement income could Social Security provide?

D. Many financial advisers say Social Security may replace only 20% to 40% of your current income.				30%
The Social Security Administration provides the guidelines listed in the table. <i>*Based on a birth date of 9/3/1959. Source: Social Security Administration benefit calculator, Feb. 2011.</i> For a more accurate estimate, call the Social Security Administration at 1-800-772-1213 or visit http://www.ssa.gov . Social Security may undergo changes in the future. It is up to you to decide how much to rely on it when considering income you may need during retirement.	Current Annual Income	Percentage Social Security may replace at age 62*		
	\$20,000	38%		
	\$50,000	27%		
	\$70,000	21%		
	\$100,000	17%		
E. Multiply row A by row D. Example: $\$30,000 \times .30 = \$9,000$				\$9,000

Step 3: How much retirement income could your pension provide?

F. Enter the percentage of your current income that your pension benefit will replace. Many pension plans base benefits on a person's age, years of service, and final average pay. Typically, the longer your service record and the more you earn, the higher your pension benefit will be. Use the table below to approximate your potential pension income replacement percentage or visit retirement.wyo.gov for online calculators. Example: 15 years of service x 2.00% = 30%							30%
Multiply the years of service you will have in your pension plan at retirement age by the figure below to estimate your pension income replacement percentage.							
Public Employee Tier 1	Public Employee Tier 2	Law Enforcement	Warden, Patrol & DCI	Paid Fire B	Guard Firefighter	Judicial	
2.125% years 1-15 2.25% years 16+	2.00%	2.50% (75% ceiling)	2.50% (75% ceiling)	2.80% (70% ceiling)	2.50% (75% ceiling)	varies	
G. Multiply row A by row F. Example: \$30,000 x .30 = \$9,000							\$9,000

Step 4: How much retirement income do you need to provide?

H. Do you have a retirement income gap? Begin with the amount in row C and subtract the amounts in rows E and G. Example: $\$27,000 - \$9,000 - \$9,000 = \$9,000$. If the result of this calculation is a positive number (as shown in the example), this is the annual amount your personal investments must provide. Continue to row I on the next page to estimate the size your personal nest egg must be to make up this gap. If the result of the calculation is a negative number, your estimated Social Security and pension benefits will meet or exceed your estimated retirement income needs. You are finished with this worksheet.		\$9,000
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PAGE 2 - RETIREMENT GOAL-SETTING WORKSHEET

							You	Example		
Step 4 Continued: How much retirement income do you need to provide?										
I. Estimate the size your personal nest egg must be in today's dollars to fill your retirement income gap. The more years you will be retired, the more money you'll need to provide. Multiply row H by the appropriate factor shown below. Example: \$9,000 x 22.8 = \$205,200. <i>Note: These factors assume your money will grow at a tax-deferred rate of 5% during retirement, and inflation will be 3%. At the end of those years, your balance is \$0.</i>				Number of Years You Expect to be Retired		Multiplication Factor			\$205,200	
				20		16.7				
				25		19.9				
				30		22.8				
J. Estimate the size your personal nest egg must be after you account for inflation. Inflation decreases spending power. To ensure your nest egg has the same spending power it would have today, it must be converted into "future" dollars. The amount in this box is how much you must provide through your personal savings and investments, such as the Deferred Compensation Plan. Multiply row I by the appropriate factor shown in the table to the right. These factors assume a 3% inflation rate. Example: \$205,200 x 1.8 = \$369,360.				Number of Years Until You Retire		Multiplication Factor			\$369,360	
				5		1.2				
				10		1.3				
				15		1.6				
				20		1.8				
				25		2.1				
				30		2.4				
Step 5: How much do you need to contribute each month to reach the personal nest egg in Row J?										
K. Enter the value of your current retirement savings and investments.								\$20,000		
L. Estimate the potential value of your current retirement savings and investments at retirement. First, assume a rate of return (5% or 7%) your investments might earn between today and the day you retire. Multiply row K by the appropriate factor in the table to the right. Example: \$20,000 x 3.9 = \$78,000				Number of Years Until You Retire		5%	7%		\$78,000	
				5		1.3	1.4			
				10		1.6	2.0			
				15		2.1	2.8			
				20		2.7	3.9			
				25		3.4	5.4			
				30		4.3	7.6			
M. Subtract row L from row J. Example: \$369,360 - \$78,000 = \$291,360								\$291,360		
N. Estimate the amount you must contribute each month to reach the remaining nest egg goal in Row M. Divide Row M by the appropriate factor in the table below. Example: \$291,360 ÷ 510.4 = \$570.85								\$570.85		
Number of Years Until You Retire:			5	10	15	20			25	30
Assume a rate of return (5% or 7%) your investments might earn between today and the day you retire.	5%	68.1	155.0	265.9	407.5	588.1			818.7	
	7%	71.6	172.0	312.9	510.4	787.5			1,176.1	
The Goal Setting Worksheet is intended for estimating purposes only and should not be construed as advice.										

WYOMING RETIREMENT SYSTEM RESOURCES

Online Resources

The WRS website at retirement.wyo.gov contains information about your retirement benefits, as well as general information and tools for retirement planning.

- **Current Plan Handbooks** - WRS plan handbooks contain important information about your retirement plan(s).
- **Pension Benefit Calculators** - Get an unofficial estimate of your potential pension benefit at retirement.
- **WRS Pension Online Account Access** - The RAIN Pension Portal allows you to update personal information, update beneficiaries, view annual statements, apply for retirement, and more.
- **457 Plan Online Account Access** - The 457 plan online account allows you to view your balance, manage your investments, and access a variety of retirement planning resources.
- **Educational Resources** - Retirement topic videos & recorded seminars, as well as a variety of informational brochures and worksheets are available to help you with your retirement planning.
- **WRS Member News and Newsletters** - Access the bi-annual WRS Member Update Newsletter and the latest WRS news.
- **Follow WRS on Facebook** at facebook.com/WyRetirement



Educational Seminars and Counseling

WRS Retirement Educators are available to members to help you learn about benefits, investing and retirement planning. WRS' educators conduct seminars at employer locations throughout the state every year. They are also available for one-on-one counseling sessions.

Check WRS' website for the most recent educator travel schedule to take advantage of this valuable resource.

Wyoming Retirement System

6101 Yellowstone Rd, Suite 500 • Cheyenne, WY 82002
307-777-7691 • <http://retirement.wyo.gov>

State statute, administrative rules, and the 457 Plan Document will govern in the event of any discrepancies with information in this publication, which should not be construed as specific tax, financial, legal or investment advice.